April 15, 2026

Joshua Nelson, City Manager
City of Industry
15625 Mayor Dave Way
City of Industry, CA 91744

2026-27 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Industry Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2026 through June 30, 2027 (ROPS 26-27) to the California Department of Finance (Finance) on January 30, 2026. Finance has completed its review of the ROPS 26-27.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 303 - Industry East and Industry Business Center Traffic Mitigation Improvements in the total outstanding and requested amount of $6,000,000 is not allowed. The Agency provided a cost estimate for construction; however, this was insufficient because an executed contract was not in place. Therefore, the requested amount of $6,000,000 from Other Funds is not allowed. To the extent the Agency can provide suitable documentation, such as an executed contract, to support the requested amount, the Agency may be eligible for funding on a future ROPS.

- Item Nos. 320 through 322 - Industry East Development in the total outstanding amount of $22,500,000 is not allowed. It is our understanding that these items are for the rehabilitation of Baker Parkway, pursuant to Exhibit B, Section A, of the Agency's 1999 Lease Agreement with Industry East Land, LLC. (1999 Lease). Per the 1999 Lease, the Agency is to design and construct "Street A," now known as Baker Parkway. Construction of Baker Parkway was completed in approximately 2017; however, due to complaints received about cracked and uneven pavement and the high volume of truck traffic, the Agency now desires to rehabilitate Baker Parkway.

  According to the 1999 Lease, the Lessor (Industry Urban-Development Agency) has no direct responsibility or obligation for any maintenance, repair, or replacement of the premises or improvements. In addition, it states that Industry East Land, LLC shall maintain, or cause to be maintained, as a maintenance and operations expense, the premises and the facilities in good condition and repair (including any necessary replacements, both structural and nonstructural). Therefore, these items are not enforceable obligations, and the requested $19,350,000 from Other Funds is not allowed.

- Item No. 330 - Industry East Traffic Mitigation Improvements in the total outstanding amount of $3,500,000 is not allowed. The Agency did not provide documentation to support the requested amount, and no executed contract was in place. Therefore, the requested amount of $3,500,000 from Other Funds is not allowed. To the extent the Agency can provide suitable documentation, such as an executed contract, to support the requested amount, the Agency may be eligible for funding on a future ROPS.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2023 through June 30, 2024 (ROPS 23-24) period. The ROPS 23-24 prior period adjustment (PPA) will offset the ROPS 26-27 Redevelopment Property Tax Trust Fund (RPTTF) distribution. The County Auditor-Controller's review of the PPA form submitted by the Agency resulted in no PPA.

Additionally, Finance noted on the ROPS 23-24 PPA form, the Agency exceeded Finance's authorization of Other Funds totaling $17,024 for Item Nos. 206 and 290. Pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be retained and expended once the Agency receives approval for their use on a future ROPS.

The Agency requested Other Funds to fund its enforceable obligations and did not request any RPTTF. Therefore, the Agency's maximum approved RPTTF distribution for the reporting period is $0, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2026 through December 31, 2026 period (ROPS A period), and one distribution for the January 1, 2027 through June 30, 2027 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 26-27 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 26-27 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 26-27, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 26-27. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 26-27 form submitted by the Agency and this determination letter will be posted on our website:

http://dof.ca.gov/Programs/Redevelopment/ROPS/

This determination is effective for the ROPS 26-27 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Originally signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Yamini Pathak, Finance Director, City of Industry
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Cesar Hernandez, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2026 through June 2027			
	ROPS A	**ROPS B**	**Total**
RPTTF Requested	$ 0	$ 0	$ 0
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	**0**	**0**	**0**
RPTTF Authorized	**0**	**0**	**0**
Administrative RPTTF Authorized	**0**	**0**	**0**
Total RPTTF Approved for Distribution	**$ 0**	**$ 0**	**$ 0**